Gamuda (GAM MK)

Pole Position For Sector Positioning

BUY (Maintained)	
Share Price	RM4.20
Target Price	RM5.25
Upside	25.0%

Highlights

- Gamuda presented at our ASEAN Gems Conference 2026 hosted in Taipei, Taiwan last week. The sessions received commendable interest from various institutional investors.
- Overall, Gamuda is on track to chart prodigious growth within FY26-28, fuelled by domestic mega projects, data centre job flows, and robust tender pipelines in the overseas market.
- Gamuda's bargain valuations and decent earnings visibility reaffirms our optimistic rating. Maintain BUY with an unchanged target price of RM5.25.

Analysis

- **Positive reception at our 2026 ASEAN Gems Conference.** We hosted Gamuda in our 2026 ASEAN Gems Conference in Taipei last week, receiving positive feedback from the participants. Gamuda's multinational exposure in various flagship infrastructure and renewable energy projects continues to instil confidence in the group's colossal growth prospects and earnings visibility throughout FY26-28. This will be largely fuelled by the progressive roll-out of domestic mega projects, data centre job flows, and robust tender pipelines in the overseas market.
- **Exceptionally strong construction orderbook guidance building into FY26.** Gamuda has secured around RM10b-11b worth of contracts in FY26 thus far, lifting outstanding orderbook to a record-high RM43.8b. Assuming a RM3b-4b quarterly orderbook burn rate, Gamuda has to secure at least RM16b-20b to meet management's orderbook guidance of RM50b-55b by end-26, which will likely be fulfilled by several tender outcomes that are pending finalisation.
- **A prelude to the valuations scenario.** After the substantial share price correction (26% since Aug 25's peak), Gamuda is now trading at 19x 2027F PE (mean). Trailing valuations are discounted in comparison to other ex-financials KLCI components' average of 22-23x (assumptions: consensus' forward earnings; removing financial stocks). We remain optimistic that Gamuda offer decent-sized capital upside at this juncture, particularly for mid- to long-term positioning.

Key Financials

Year to 31 Jul (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	13,346.7	15,970.2	17,300.8	21,411.5	27,096.6
EBITDA	1,107.8	1,536.0	1,723.9	2,147.1	2,631.1
Operating profit	945.2	1,337.2	1,530.8	1,954.7	2,433.7
Net profit (rep./act.)	912.1	1,003.2	1,047.0	1,363.5	1,704.4
Net profit (adj.)	884.1	981.4	1,047.0	1,363.5	1,704.4
EPS	31.9	17.7	18.9	23.0	28.7
PE (x)	13.3	24.0	22.5	18.5	14.8
P/B (x)	1.0	2.0	1.9	2.0	1.9
EV/EBITDA (x)	12.8	10.3	9.2	7.9	6.9
Dividend yield (%)	3.8	2.4	2.8	3.5	4.7
Net margin (%)	6.8	6.3	6.0	6.4	6.3
Net debt/(cash) to equity(%)	45.8	57.2	55.4	61.4	66.6
Interest cover (x)	6.4	8.6	7.0	10.0	10.9
ROE (%)	9.4	10.0	10.2	13.0	15.9
Consensus net profit	n.a	n.a	1,108.1	1,410.4	1,820.4
UOBKH/Consensus (x)	n.a	n.a	0.9	1.0	0.9

Source: Gamuda Berhad, Bloomberg, UOB Kay Hian

Analyst(s)
Jack Goh
jackgoh@uobkayhian.com
(03) 2147 1943
Jack Lai
jacklai@uobkayhian.com
(03) 2147 1983

Stock Data

GICS sector	Industrials
Bloomberg ticker:	GAM MK
Shares issued (m):	5,954.6
Market cap (RM$m):	25,009.4
Market cap (US$m):	6,349.5
3-mth avg daily t'over (US$m):	24.0

Price Performance (%)

52-week high/low				RM5.7/RM3.6
1mth	3mth	6mth	1yr	YTD
0.7	(13.4)	(25.5)	7.7	(15.7)

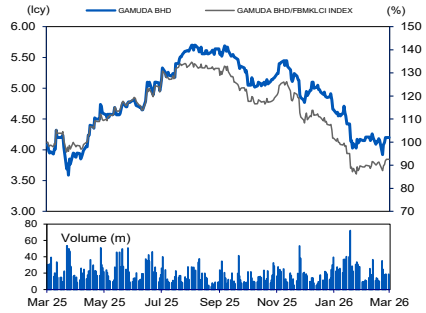
Major Shareholders %

Employees Provident Fund Board	19.1
Vanguard Group	3.8
Generasi Setia M Sdn Bhd	3.7

Balance Sheet Metrics %

FY26 NAV/Share (RM)	2.2
FY26 Net Debt/Share (RM)	1.2

Price Chart



Source: Bloomberg

Company Description

Gamuda is a civil engineering construction company with exposure to property development and water concessions.

- **Rosy orderbook replenishment pipelines support our growth forecasts.** Key projects that we anticipate include: a) Penang-Perak Water Infrastructure (e.RM4b), b) Negeri Sembilan DCs (e.RM2-3b each; potentially two), c) Northland Corridor highway in New Zealand (e.A$4b tender), d) Sunshine Coast Railway in Brisbane (e.A$1-1.5b), e) Marinus Link project (>A$1b; joint venture between DTI and Samsung C&T), and f) drawdown from Taiwan's Xizhi-Donghu MRT (c.NT$60b/RM8b). Locally, Gamuda may also secure the tunnelling packages for MRT3 (lowest bidder for CMC 303 tunnelling before a re-tender) as the landbank acquisition concludes by 4Q26.
- **Earnings crystallisation aligns well with S-curve methodology.** Assessing Gamuda's existing project pipelines, earnings growth in FY26F (7%) is relatively modest despite about RM18b and RM10-11b in contracts clinched in FY25 and FY26 respectively. This is mainly due to multiple flagship projects such as the: a) Penang Mutiara LRT, b) Upper Padas Hydroelectric Dam, c) Taiwan's rail projects (Xizhi Donghu and Kaohsiung MRT), and d) Sydney Metro West stations packages which have yet to meaningfully scale up. We expect these projects to only chart accelerated progress billing in FY27-28, well mirrored in our revised earnings growth forecast of 18-25%.
- **Australia exposure one of key growth foundations for the mid- to long term.** Within overseas projects, which made up 59% of the construction segment's FY25 revenue, Australia remains Gamuda's largest overseas revenue contributing market. We understand that Gamuda currently has over A$10b in active tenders and over A$50b in addressable orderbook opportunities in diversified Australian projects (renewable energy, rail infrastructures, roads and bridges) throughout FY27-29.
- **Hyperscale DC accelerating private job flows.** Gamuda's contract opportunities for the DC campus in Springhill Industrial Park, Negeri Sembilan is estimated to be as high as RM15b-18b in phases over 3-4 years (assuming 8-9 DCs with up to 1GW capacity). Based on Malaysia's 9M25 electricity supply agreements (ESAs) for DC projects, there's a combined electricity demand of about 1100MW which roughly translates into 750-780MW of DC capacity (potential RM15b-16b contract value based on RM20m per MW estimates). We estimate that potential DC tenderbooks in Malaysia for the coming 2-3 years to be around RM30b which will also support private job flows and ample contract opportunities for DC contractors such as Gamuda in FY27-28.
- **Gamuda Land on track for moderate growth, mainly led by Vietnam QTPs.** For the property segment, we forecast a new sales target of RM4.5b in FY26 (+13% yoy). largely augmented by better contributions from local launches and Vietnam's QTPs. Vietnam projects such as Springville, Eaton Park, Artisan Park, Elysian, Gamuda City Hai Phon, and others are expected to contribute RM3.1b sales in FY26 (57% of GL's FY26 sales). Meanwhile, Malaysia projects shall continue to deliver a stable earnings stream.

Valuation/Recommendation

- **Maintain BUY with unchanged SOTP-based target price of RM5.25,** which implies 22x FY27F PE (+1SD above mean).

Earnings Revision/Risk

- **None.**

Orderbook As Of 2QFY26

Projects	Value RMb	Progress %
Malaysia:		
Penang Mutiara Line (60% share)	5.6	11
Silicon Island Phase 1	4.3	18
Rasau WTP Phase 1	0.9	54
Data Center Projects	2.6	37
Upper Padas Hydro Dam (75% share)	2.1	15
Enabling work for DC campus	0.8	23
Sarawak Coastal Highway (65% share)	0.7	2
Australia:		
SMW stations	7.3	0
SMW-WTP	0.2	98
Richman Road (100% share)	0.5	0
Coffs Harbour Bypass (50% share)	0.6	73
M1 Motorway (40% share)	0.1	90
Sydney Water (50% share)	0.2	0
DTI projects	6.8	64
Taiwan:		
Tao Yuan underground (60% share)	0.9	21
Kaoshiung MRT YC01 (88% share)	2.8	4
Xizhi Donghu MRT (75% share)	2.6	16
Marine Structure (70% share)	2.5	0
Others	0.4	68
Singapore:		
Defu station (60% share)	0.4	59
West Coast Station	1.5	17
Total Orderbook	43.8	

Source: Gamuda, UOB Kay Hian

Segmental Forecasts

Revenue (RMb)	FY26F	FY27F	FY28F
Engineering & Construction	13.0	15.6	18.9
Property Dev & Club	4.2	5.7	8.1
Water Concession	0.1	0.1	0.1
Total	17.30	21.41	27.10
EBIT (RMb)			
Engineering & Construction	0.93	1.20	1.47
Property Dev & Club	0.52	0.67	0.88
Water Concession	0.08	0.08	0.08
Total	1.53	1.95	2.43

Source: Gamuda, UOB Kay Hian

SOTP Valuations

	RMm	Remarks
Construction	25,578	25x FY27 PE
Property	10,645	10% discount to RNAV
Water concession	1,750	
Less Net Debt	(6,870)	
Total SOTP value	31,103	
Diluted no. of shares (m)	5,930	
Target Price (RM)	5.25	

Source: Gamuda, UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental
- Commits to reducing greenhouse gas emission intensity by 30%/45% in 2025/30.
Social
- Well-diversified workforce in terms of gender: female (43%) and male (57%).
Governance
- Independent directors make up 57% of its board.

Source: Gamuda, UOB Kay Hian

Profit & Loss

Year to 31 Jul (RMm)	2025	2026F	2027F	2028F
Net turnover	15,970	17,301	21,411	27,097
EBITDA	1,536	1,724	2,147	2,631
Deprec. & amort.	199	193	192	197
EBIT	1,337	1,531	1,955	2,434
Associate contributions	145	83	86	89
Net interest income/(expense)	(179)	(247)	(216)	(242)
Pre-tax profit	1,304	1,366	1,825	2,281
Tax	(257)	(273)	(401)	(502)
Minorities	(44)	(46)	(60)	(75)
Net profit	1,003	1,047	1,364	1,704
Net profit (adj.)	981	1,047	1,364	1,704

Balance Sheet

Year to 31 Jul (RMm)	2025	2026F	2027F	2028F
Fixed assets	6,441	7,990	9,038	10,085
Other LT assets	4,873	4,943	5,012	5,081
Cash/ST investment	3,260	4,037	3,956	3,957
Other current assets	16,549	16,241	18,747	22,137
Total assets	31,123	33,212	36,752	41,259
ST debt	2,493	2,178	2,369	2,573
Other current liabilities	8,212	9,056	11,058	13,883
LT debt	7,637	8,714	9,476	10,290
Other LT liabilities	628	681	733	805
Shareholders' equity	12,000	12,383	12,857	13,375
Minority interest	153	199	259	333
Total liabilities & equity	31,123	33,212	36,752	41,259

Cash Flow

Year to 31 Jul (RMm)	2025	2026F	2027F	2028F
Operating	(81)	2,410	1,078	1,394
Pre-tax profit	1,304	1,366	1,825	2,281
Tax	(257)	(273)	(401)	(502)
Deprec. & amort.	159	193	192	197
Associates	(145)	(83)	(86)	(89)
Working capital changes	(1,141)	1,206	(452)	(494)
Other operating cashflows	0	0	0	0
Investing	(1,255)	(1,721)	(1,223)	(1,225)
Capex (growth)	(1,291)	(221)	(223)	(225)
Proceeds from sale of assets	20	0	0	0
Others	16	(1,500)	(1,000)	(1,000)
Financing	1,838	88	64	(168)
Dividend payments	(154)	(664)	(890)	(1,186)
Issue of shares	195	0	0	0
Proceeds from borrowings	2,337	752	953	1,018
Others/interest paid	(540)	0	0	0
Net cash inflow (outflow)	502	777	(81)	1
Beginning cash & cash equivalent	2,596	3,260	4,037	3,956
Changes due to forex impact	(85)	0	0	0
Ending cash & cash equivalent	3,013	4,037	3,956	3,957

Key Metrics

Year to 31 Jul (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	9.6	10.0	10.0	9.7
Pre-tax margin	8.2	7.9	8.5	8.4
Net margin	6.3	6.0	6.4	6.3
ROA	4.2	4.2	5.1	5.8
ROE	10.0	10.2	13.0	15.9
Growth				
Turnover	19.7	8.3	23.8	26.6
EBITDA	38.6	12.2	24.5	22.5
Pre-tax profit	18.8	4.8	33.6	24.9
Net profit	10.0	4.4	30.3	24.9
Net profit (adj.)	11.0	6.7	30.2	25.0
EPS	(44.5)	6.8	21.7	24.8
Leverage				
Debt to total capital	83.4	86.6	90.3	93.8
Debt to equity	84.4	88.0	92.1	96.2
Net debt/(cash) to equity	57.2	55.4	61.4	66.6
Interest cover	8.6	7.0	10.0	10.9

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at the following link: https://research-api.uobkayhian.com/assets/disclaimer/df64a6ea-7980-447c-ae9e-fd19b93257dc or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full."